

**CHESTNUTHILL TOWNSHIP**  
**FINANCIAL STATEMENTS-MODIFIED CASH BASIS**  
**AND SUPPLEMENTARY INFORMATION**  
**AS AT DECEMBER 31, 2010**

CHESTNUTHILL TOWNSHIP  
AS AT DECEMBER 31, 2010

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# *Zelenkofske Axelrod LLC*

## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
Chestnuthill Township  
Brodheads ville, PA

We have audited the accompanying financial statements-modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of the Chestnuthill Township ("Township"), as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements-modified cash basis as listed in the table of contents. These financial statements-modified cash basis are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements-modified cash basis based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, Chestnuthill Township prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Chestnuthill Township as of December 31, 2010, and the respective changes in modified cash basis financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

<b><i>Harrisburg</i></b>	<b><i>Lehigh Valley</i></b>	<b><i>Philadelphia</i></b>	<b><i>Pittsburgh</i></b>
830 Sir Thomas Court, Suite 100 Harrisburg, PA 17109 717.561.9200 Fax 717.561.9202	1101 West Hamilton Street Allentown, PA 18101-1043 610.871.5077 Fax 717.561.9202	2370 York Road, Suite A-5 Jamison, PA 18929 215.918.2277 Fax 215.918.2302	3800 McKnight E. Drive, Suite 3805 Pittsburgh, PA 15237 412.367.7102 Fax 412.367.7103

# *Zelenkofske Axelrod LLC*

Board of Supervisors  
Chestnuthill Township  
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements-modified cash basis. Such information, although not a part of the basic financial statements-modified cash basis, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements-modified cash basis in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements-modified cash basis, and other knowledge we obtained during our audit of the basic financial statements-modified cash basis. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements-modified cash basis that collectively comprise the Chestnuthill Township's basic financial statements-modified cash basis. The Schedule of Expenditures – General Fund – Budget and Actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements-modified cash basis. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements-modified cash basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements-modified cash basis taken as a whole.

*Zelenkofske Axelrod LLC*

ZELENKOFKSKE AXELROD LLC

Allentown, Pennsylvania  
June 14, 2011

**CHESTNUTHILL TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the year ended December 31, 2010**

This section of the Township's Financial Report presents management's overview and analysis of the Township's financial performance for the fiscal year ended December 31, 2010. This section should be read in conjunction with the financial statements which follow this section.

### **Financial Highlights**

- The assets of the Township exceeded its liabilities at December 31, 2010, by \$7,049,553. Of this amount, \$6,163,559 represents net assets which are invested in capital assets.
- The Township's total net assets increased by \$1,003,134, which is a increase of 16.6% over the prior year.
- The Township issued no new debt during this period, but did refinance the GOB 2003 Bond taking advantage of a cash flow savings of \$129,975 and an economic gain of \$128,050.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements (The notes to the financial statements also contain more detail). The financial statements of the Township report information using the modified cash basis of accounting. These statements offer short- and long-term financial information about its activities. The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The Statement of Activities presents information showing how the Township's net assets changed during the fiscal year.

The financial statements can be found on Pages 10 through 17 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements.

### **Financial Analysis**

For the year ended December 31, 2010, assets exceeded liabilities by \$7,049,553. The township is a capital intensive entity, and over 87% of the net assets are invested in capital assets. An additional \$205,760 of net assets is designated for construction projects. The following is a summary of the Township's net assets.

CHESTNUTHILL TOWNSHIP  
Management's Discussion and Analysis  
For the year ended December 31, 2010

**Summary Statement of Net Assets**

	2010	2009
<b>Assets</b>		
Current Assets	\$886,096	\$1,093,548
Capital Assets	<u>11,526,487</u>	<u>11,468,166</u>
Total Assets	<u>12,412,583</u>	<u>\$12,561,714</u>
<b>Liabilities</b>		
Current Liabilities	217,510	\$556,263
Non-current Liabilities	<u>5,145,520</u>	<u>5,959,034</u>
Total Liabilities	<u>5,363,030</u>	<u>\$6,515,297</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	6,163,559	\$4,966,586
Restricted		
Construction Projects	205,760	223,742
Special Revenue Purposes	2,395	20,539
Unrestricted	<u>677,839</u>	<u>835,550</u>
Total Net Assets	<u>7,049,553</u>	<u>\$6,046,417</u>

The Township's net assets increased by \$1,003,134 in 2010. The following is a summary Statement of Activities which show how the increase in net assets occurred.

**Summary Statement of Activities**

**Expenses**

Operating expenses are most directly affected by weather conditions, road maintenance, road improvement projects and open space projects. Winter maintenance expenses are directly related to weather conditions, the more snow and ice, the higher the costs. Road maintenance and improvements and road projects are also impacted by weather as well as the continuing growth of the Township.

The Township also is very involved in the implementation of the West End Regional Open Space and Recreation Plan, which includes purchasing lands for Park, Open Space and Conservation easements. These purchases are often partially funded by grants; however these transactions can carry over several periods.

**CHESTNUTHILL TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the year ended December 31, 2010**

The Township has two dump truck leases that are for a five year period with one payment per year. The payments for the 2007 and the 2009 trucks are \$54,207 and \$53,007 respectively. The 2007 Peterbilt trucks will be paid off in 2011. There were no new leases entered into in 2010.

The following is a summary of expenses, and net expenses, by function.

<b>Function</b>	<b>2010 Expense</b>	<b>2010 Net</b>	<b>2009 Expense</b>	<b>2009 Net</b>
General Government	\$702,318	(\$440,524)	\$835,779	(\$758,535)
Public safety	573,187	(342,758)	546,905	(90,335)
Public works – Sanitation	180,706	101,913	171,065	(82,654)
Public works – Highways and streets	1,099,606	(577,311)	956,752	(418,466)
Culture and recreation	159,144	(94,689)	152,596	(104,679)
Community development	0	1,009,500	65,326	169,674
Debt service	386,664	(386,664)	265,719	(265,719)
Miscellaneous	<u>485,457</u>	<u>(442,608)</u>	<u>506,666</u>	<u>(505,208)</u>
Total	<u>\$3,587,082</u>	<u>(1,173,141)</u>	<u>\$3,500,808</u>	<u>(\$2,055,922)</u>

### **Revenues**

The Township's revenues consist of program and general revenues. Program revenues consist of charges for services and operating grants and contributions. General revenues consist of property taxes, Act 511 taxes, and miscellaneous revenues.

The following is a summary of revenues for the Township.

	<u>2010</u>	<u>2009</u>
Charges for services	\$444,329	\$479,145
Operating grants and contributions	1,969,612	965,741
General revenues	<u>2,176,275</u>	<u>2,568,748</u>
Total	<u>\$4,590,216</u>	<u>\$4,013,634</u>

CHESTNUTHILL TOWNSHIP  
Management's Discussion and Analysis  
For the year ended December 31, 2010

Charges for services include fees charged to residents for building and sewage permits. Operating grants and contributions include a grant received from the PA Department of Environmental Protection, totaling \$209,915 which was used for recycling and compost equipment at the Transfer Station. A total of \$9,500 was received from DCED to secure and winterize the historic Merwinsburg Hotel. A Monroe County Grant in the amount of \$1,000,000 was used as pay-off for the purchase of 253 acres of property for passive recreation open space. Also, \$518,755 was received from the State for the Liquid Fuels Fund. The largest source of tax revenue is derived from the collection of the earned income tax. This tax is a 1% tax levied on all residents living within the boundaries of the Township, however the Township only receives one-half of the one percent, and the school district receives the other one-half. The earned income tax revenues were \$1,230,589 for 2010, down by 19% over the prior year, a decrease of \$281,660, although the amount collected exceeded the budgeted amount by \$30,589. The Township also levies a real estate tax of 4 mills on the assessed value of real estate within the Township. Those collections were down by 2.3%, totaling \$861,766, a decrease of \$20,075. Overall revenues for the General Fund were up by 1.4%, an increase of \$56,786. Although the decrease in both earned income tax and real estate tax collections continues to be a reflection of the down turn in the economy in 2010, the overall increase can be attributed to the Monroe County Open Space Grant.

### **Capital Assets**

The Township's investment in capital assets as of December 31, 2010, amounted to \$11,526,487 net of accumulated depreciation. Capital assets consist of land, infrastructure, buildings, vehicles, and equipment. Capital assets increased by \$363,758. In addition, depreciation expense was recorded at \$305,437. The Township has elected to report infrastructure retroactively, however, current year infrastructure additions are shown as increases to capital assets. Major capital asset acquisitions during 2010 included the following:

- Additions to infrastructure, \$251,045.
- Equipment, \$36,538.
- Building and Building Improvements, \$76,175.

Additional information on the Township's capital assets can be found in Note 8 to the financial statements.



**CHESTNUTHILL TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the year ended December 31, 2010**

**Long Term Debt**

The Township issued a General Obligation Bond in 2010 which was utilized to refinance the General Obligation Bonds Series of 2003. The Series of 2003 had originally been issued to fund road paving and resurfacing. This refinancing resulted in an economic gain to the township in the amount of \$128,050.

Additional information on the Township's long term debt can be found in Note 3 to the financial statements.

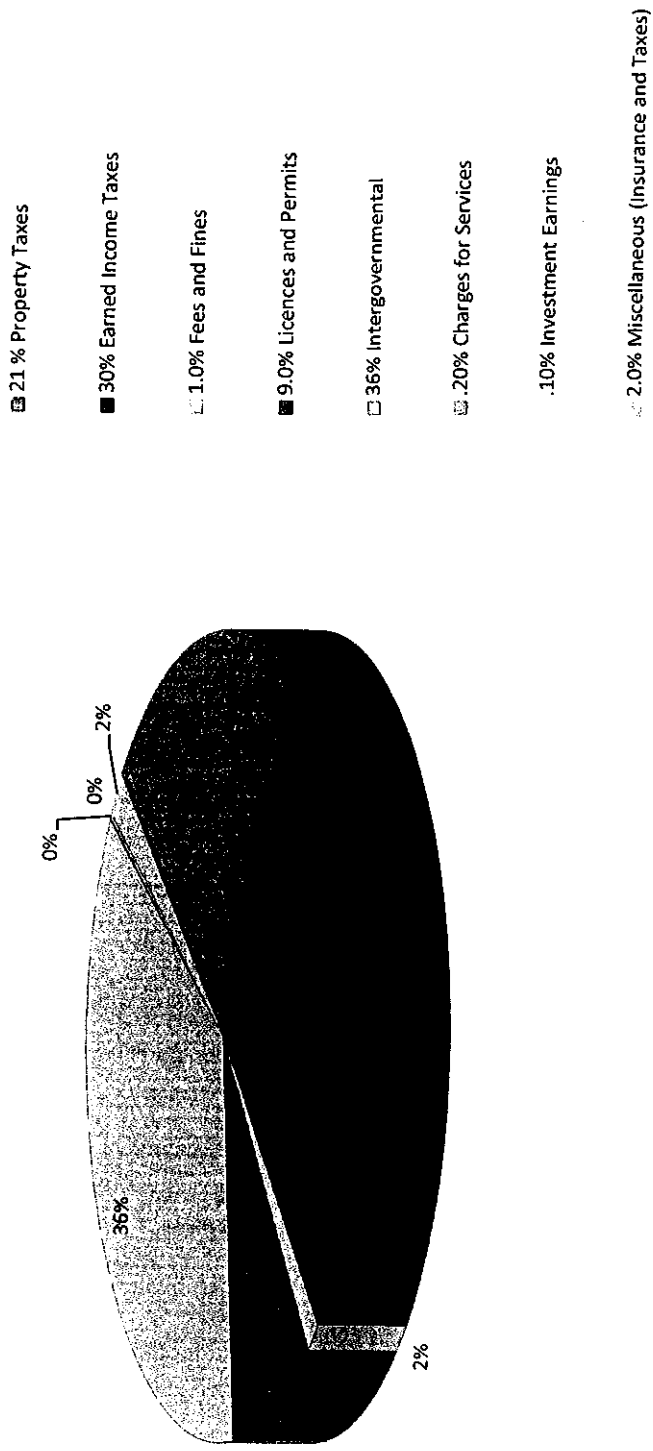
**Economic Factors and Future Outlook**

- The unemployment rate for Monroe County in 2010 was 9.9%, which remains higher than the state average of 8.7% and the national average of 9.4%.
- Monroe County, located in eastern Pennsylvania, situated 90 miles north of Philadelphia, 75 miles west of New York City and 116 miles east of Harrisburg, continues to grow rapidly, and in fact, as of the 2010 census, is the second fastest growing county in Pennsylvania. The estimated 2010 population was 166,355, compared to 138,687 in 2000. The township's population in 2000 was 14,418 compared to 17,156 in 2010. It is expected that the county will continue to grow, including Chestnuthill Township, therefore increasing the tax base and costs associated with growth.
- It is expected that the Township will continue to receive County and State Grant funding for the purchase of "Open Space and Parkland," and continues its efforts to acquire such. It also invests in projects identified in the West End Regional Open Space and Recreation Plan. In addition, the Township vigorously pursues all available grants funding, for any purpose.
- The real estate tax millage remained at 4 mills.
- The Township has issued a bond in 2006 for \$3.135 million. The funds were used to acquire land for "Open Spaces" and for road projects and the balance for bond expenses.
- In 2010 the Township completed the purchase of 253 acres of land for passive recreation, using a \$1,000,000 grant from the Monroe County Commissioners.
- See page 8 for a graph of expense areas as a percentage of total expenses.

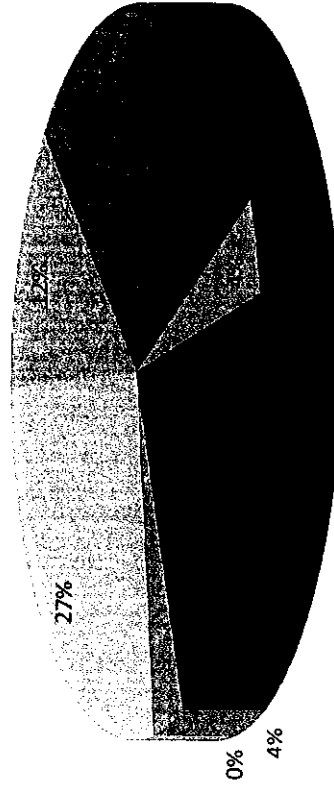
**Request for Information**

This financial report is designed to provide a general overview of the Township's finances for all those who have an interest in this agency's finances. Questions concerning any of the information presented in this report or requests for additional information should be addressed to the Township Secretary, PO Box 243, Brodheadsville, PA 18322.

## 2010 Revenues



## 2010 Expenses



- 17 % General Government
- 14% Public Safety
- 4% Public Works Sanitation
- 22% Public Works Highway Streets
- 4% Culture & Recreation
- 0% Community Development
- 27% Debt service
- 12% Miscellaneous (Insurance and Taxes)

**CHESTNUTHILL TOWNSHIP**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**DECEMBER 31, 2010**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 110,185
Restricted cash	<u>775,911</u>
<b>Total Current Assets</b>	<u>886,096</u>
<b>Noncurrent Assets:</b>	
Capital assets, net of accumulated depreciation	
Land	6,282,561
Intangible Assets	333,665
Building & building Improvements	1,099,618
Furniture & Equipment	686,557
Infrastructure	<u>3,124,086</u>
<b>Total Noncurrent Assets</b>	<u>11,526,487</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,412,583</u></u>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Payroll items payable	\$ 102
Current portion of Capital leases	112,408
Current portion of long term debt	<u>105,000</u>
<b>Total Current Liabilities</b>	<u>217,510</u>
<b>Noncurrent Liabilities:</b>	
Capital leases	115,242
Bonds and notes payable	<u>5,030,278</u>
<b>Total Noncurrent Liabilities</b>	<u>5,145,520</u>
<b>TOTAL LIABILITIES</b>	<u>5,363,030</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	6,163,559
Restricted	
Construction projects	205,760
Special revenue purposes	2,395
Unrestricted	<u>677,839</u>
<b>TOTAL NET ASSETS</b>	<u>7,049,553</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 12,412,583</u></u>

The "Notes to the Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

**CHESTNUTHILL TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Functions/Programs Governmental Activities:	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
General government	\$ 702,318	\$ 257,436	\$ 4,358	\$ (440,524)
Public safety	573,187	97,568	132,861	(342,758)
Public works - sanitation	180,706	67,099	215,520	101,913
Public works - Highways and streets	1,099,606	3,540	518,755	(577,311)
Culture and recreation	159,144	17,845	46,610	(94,689)
Community development			1,009,500	1,009,500
Debt service:	386,664		(386,664)	(386,664)
Miscellaneous	485,457	841	42,008	(442,608)
Total Governmental Activities	3,587,082	444,329	1,969,612	(1,173,141)
Total Primary Government	\$ 3,587,082	\$ 444,329	\$ 1,969,612	(1,173,141)
General Revenues				
Taxes:				
Property Taxes, Levied for General Purposes, Net				861,766
Public Utility Realty, Earned Income and Occupational Assessment Taxes Levied for General Purposes				1,234,022
Investment earnings				4,490
Miscellaneous				75,997
Total General Revenues				2,176,275
Change in Net Assets				1,003,134
Net Assets - January 1, 2010				6,046,419
Net Assets - December 31, 2010				\$ 7,049,553

The "Notes to the Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

CHESTNUTHILL TOWNSHIP  
BALANCE SHEET - GOVERNMENTAL FUNDS  
MODIFIED CASH BASIS  
AS AT DECEMBER 31, 2010

	<u>Major Funds</u>			<u>Total</u>
	<u>General Fund</u>	<u>State Liquid Fuels Fund</u>	<u>Capital Projects Fund</u>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 79,598	\$0	\$30,566	\$110,164
Restricted Cash	598,343	2,395	175,194	775,932
Total Assets	<u>\$ 677,941</u>	<u>\$2,395</u>	<u>\$205,760</u>	<u>\$886,096</u>
<b>Liabilities:</b>				
Payroll items payable	<u>\$102</u>	0	0	<u>\$102</u>
Total Liabilities	<u>\$102</u>			<u>\$102</u>
<b>Fund Balances:</b>				
Unreserved fund balance	677,839	0	0	677,839
Reserved – Highway Maintenance	0	2,395	0	2,395
Reserved – Capital Projects	<u>0</u>	<u>0</u>	<u>205,760</u>	<u>205,760</u>
Total Fund Balances	<u>677,839</u>	<u>2,395</u>	<u>205,760</u>	<u>885,994</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$677,941</u>	<u>\$2,395</u>	<u>\$205,760</u>	<u>\$886,096</u>

The "Notes to Financial Statements" are an integral part of these statements and should be read in conjunction therewith.

CHESTNUTHILL TOWNSHIP  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET – MODIFIED CASH BASIS TO THE STATEMENT OF NET ASSETS –  
MODIFIED CASH BASIS  
DECEMBER 31, 2010

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Total Fund Balances – Governmental Funds	\$885,994
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is \$14,326,045 and the accumulated depreciation is \$2,799,558.	11,526,487
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Long-term liabilities are not due and payable in the current period and are therefore not reported as liabilities in the funds. Long-term liabilities are shown net of bond costs which are being amortized over the life of the bond.	<u>(5,362,928)</u>
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Total Net Assets – Governmental Activities	<u>\$7,049,553</u>
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The “Notes to the Financial Statements” are an integral part of these statements and should be read in conjunction herewith.

CHESTNUTHILL TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS – MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Liquid Fuels Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:				
Property taxes	\$861,766	\$0	\$0	\$861,766
Earned income taxes	1,230,589	0	0	1,230,589
Fees and fines	58,174	0	0	58,174
Licenses and permits	378,815	0	0	378,815
Intergovernmental	1,454,290	518,755	0	1,973,045
Charges for services	68,792	0	0	68,792
Investment earnings	3,449	739	302	4,490
Miscellaneous	7,340	0	0	7,340
Total Revenues	4,063,215	519,494	302	4,583,011
Expenditures:				
General government	706,174	0	0	706,174
Public safety	573,187	0	0	573,187
Recycling collection and disposal	176,447	0	0	176,447
Public works – Highways and streets	897,783	261,320	0	1,159,103
Culture and recreation	158,371	0	0	158,371
Miscellaneous	485,070	0	0	485,070
Debt Service:				
Principal	993,701	216,556	2,215,000	3,425,257
Interest	119,010	59,762	201,284	380,056
Total Expenditures	4,109,743	537,638	2,416,284	7,063,665
Excess (Deficiency) of Revenues Over Expenditures	(\$46,528)	(\$18,144)	(\$2,415,982)	(\$2,480,654)

The "Notes to Financial Statements" are an integral part of  
these statements and should be read in conjunction therewith.



CHESTNUTHILL TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS- MODIFIED CASH BASIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Liquid Fuels Fund	Capital Projects	Total
Other Financing Sources (Uses):				
Proceeds from Bond Issuance	\$0	\$0	\$2,280,000	\$2,280,000
Interfund transfers	(118,000)	0	118,000	0
Refunds of Prior Year Expenditures	7,205	0	0	7,205
Refunds of Prior Year Revenues	(388)	0	0	(388)
Total Other Financing Sources (Uses)	(111,183)	0	2,398,000	2,286,817
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(157,711)	(18,144)	(17,982)	(193,837)
Fund Balances – January 1, 2010	835,550	20,539	223,742	1,079,831
Fund Balances – December 31, 2010	\$677,839	\$2,395	\$205,760	\$885,994

The "Notes to Financial Statements" are an integral part of these statements  
and should be read in conjunction therewith.

CHESTNUTHILL TOWNSHIP  
 RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS  
 TO THE STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

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Total net change in fund balances – Governmental Funds	(\$193,837)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

The amount by which capital outlays exceeded depreciation expense is as follows:

Depreciation expense	(305,437)	
Capital outlays	<u>363,758</u>	58,322

The repayment of debt principal is expenditure in the governmental funds, but the repayment of reduces long-term liabilities in the statement of net assets.

3,425,257

The issuance of debt is a financing source in the governmental funds, but is a liability in the statement of net assets.

(2,280,000)

Amortization of bond costs charged to expense in the current year are an increase in expenses of the government wide statements

(6,608)

Change in net assets of governmental activities	<u>\$1,003,134</u>
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The "Notes to the Financial Statements" are an integral part of these statements  
 and should be read in conjunction therewith.

CHESTNUTHILL TOWNSHIP  
STATEMENT OF FIDUCIARY NET ASSET – AGENCY FUND  
DECEMBER 31, 2010

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**Assets:**

Cash and cash equivalents	<u>\$76,412</u>
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Total Assets:	<u>\$76,412</u>
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**Liabilities:**

Amounts held on behalf of others	<u>\$76,412</u>
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Total Liabilities:	<u>\$76,412</u>
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The "Notes to the Financial Statements" are an integral part of these statements  
and should be read in conjunction therewith.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies:

Nature of the Government

Chestnuthill Township is a Second Class Township of Monroe County, Commonwealth of Pennsylvania. The citizens elect a governing board consisting of three supervisors. The Township maintains roads, infrastructure, and a public park within its legal boundaries.

The financial statements of the Township have been prepared in conformity with the modified cash basis of accounting, which is an other comprehensive basis of accounting (OCBOA) as applied to government units. The Township applies all relevant Governmental Accounting Standards (GASB) pronouncements. The Township has adopted the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." The management of the Township determined that no entities should be included in the financial statements of the Township.

Basis of Presentation

Government – Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for the agency fund. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The effect of interfund activity has been removed from these statements. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are affected by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1.) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2.) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of Chestnuthill Township are organized on the basis of funds, each of which is considered as a separate entity. Thus, the operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, and expenditures.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies (Continued)

A. Major Funds

The major funds utilized by Chestnuthill Township and a brief description of their accounting purposes are as follows:

General Fund - Accounts for all financial resources except those specifically that are required to be accounted for in another fund.

State Liquid Fuels Fund - Accounts for state funding from liquid fuels and related fuel taxes, and road maintenance expenditures. The amounts included in the fund balance are restricted to uses permitted by state regulations.

Capital Projects Funds - Accounts for bond proceeds and related investment earnings, and expenditures relating to the construction of roads and the acquisition of conservation easements and property for Open Space. The amounts included in this fund are restricted to uses permitted by the bond agreement.

B. Other Fund Types

Agency Fund - Accounts for deposits from contractors held by the Township pending the completion of various construction projects.

Measurement Focus

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. In the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus is the determination on operating income, changes in net assets, financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with the activities are reported. In the fund financial statements, the "current financial resources" measurement focus, as applied to the modified cash basis of accounting is utilized. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present resources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies: (Continued)

Basis of Accounting

Basis of accounting refers to "when" transactions are recorded regardless of the measurement applied. The fund-level financial statements are reported utilizing the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis recognizes assets, liabilities, fund balances, revenues, and expenditures when they result from a cash transaction with the exception of payroll taxes withheld from employee's payroll which is recorded as a liability when the amounts are withheld from pay checks.

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures when they result from a cash transaction with provisions for recording capital assets and long term debt in the government – wide statements. This basis is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues, and certain liabilities and their related expenses *are not recorded* in these financial statements.

Budgets

The operating budget is approved by the Board of Supervisors. The general fund is the only fund for which a budget is legally required. Once a budget is approved it can be amended at the function and object level only by approval of a majority of the Board of Supervisors. All budget appropriations lapse at year-end. The Township's budget is prepared on the cash basis of accounting. The financial statements were prepared using the modified cash basis of accounting. The difference is reflected in long term liabilities and capital assets.

Budget data reflected in the financial statements includes the effect of such Board of Supervisors approved budget transfer amendments, supplemental budgetary appropriations, and, for comparative purposes, the actual amounts have also been presented.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies: (Continued)

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

The Township maintains cash balances in checking and savings accounts in two local banks and in the Pennsylvania Local Government Investment Trust (PLGIT).

Cash and cash equivalents include amounts in demand and interest-bearing bank deposits and are carried at cost plus accrued interest, which approximates fair value.

Capital Assets

Capital assets purchased with a cost greater than \$5,000 are recorded at historical cost. The modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The Township has not recorded infrastructure assets purchased or constructed subsequent to January 1, 2004, but has recorded them from January 1, 2004 to present.

Total Columns on Combined Financial Statements

The combined financial statements aggregate the individual fund types and account groups into a "total" column. This total column is provided for memorandum purposes only. Interfund balances and transactions have not been eliminated. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 1: Summary of Significant Accounting Policies: (Continued)

Adoption of Governmental Accounting Standards

The Township adopted the provisions of the following GASB's Statements:

Statement No. 46, *"Net Assets Restricted by Enabling Legislation"*,

Statement No. 51, *"Accounting and Financial Reporting for Intangible Assets"*,

Statement No. 53, *"Accounting and Financial Reporting for Derivative Instruments"*,

Statement No. 58, *"Accounting and Financial Reporting for Chapter 9 Bankruptcies."*

The adoption of these statements resulted in no significant changes to the financial statements.

Pending Changes in Accounting Principles

In March 2009, GASB issued Statement No. 54, *"Fund Balance Reporting and Governmental Fund Type Definitions."* The Township is required to adopt Statement No. 54 for its calendar year 2011 financial statements.

In December 2009, GASB issued Statement No. 57, *"OPEB Measurements by Agent Employers and Agent Multiple Employer Plans."* The Township is required to adopt Statement No. 54 for its calendar year 2012 financial statements.

In June 2010, GASB issued Statement No. 59, *"Financial Instruments Omnibus."* The Township is required to adopt Statement No. 59 for its calendar year 2011 financial statements.

In December 2010, GASB issued Statement No. 60 *"Accounting and Financial Reporting for Service Concession Arrangement."* The Township is required to adopt Statement NO. 60 for its calendar year 2012 financial statements.

In December 2010, GASB issued Statement No. 61, *"The Financial Reporting Entity: Omnibus."* The Township is required to adopt Statement No.61 for its calendar year 2013 financial statements.

The Township has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.



CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 2: Cash and Cash Equivalents:

The Township can deposit or invest funds as authorized for local government units by the Local Government Unit Debt Act.

Authorized types of investments include:

- a) U.S. Treasury bills
- b) Obligations of the United States of America, the Commonwealth of Pennsylvania or any of their agencies or instrumentalities, which are secured by the full faith and credit of such entity.
- c) Checking or savings accounts, certificates of deposit, or share accounts, provided such amounts are insured and the depository collateralizes any deposits in excess of such insurance.
- d) Shares of a registered investment company, provided that investments of that company are in authorized investments as noted above.

Deposits

The deposits of the Township can be categorized to indicate the level of risk assumed. Category 1 includes bank balances that are insured by the Federal Deposit Insurance Corporation. Category 2 includes bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name. Category 3 includes bank balances that are collateralized in accordance with Act 72, which requires the institution to pool collateral for all its government deposits, and to have the collateral held by an approved custodian in the institution's name. The Township has only Category 1 and Category 3 deposits categorized as follows:

	Category <u>One</u>	Category <u>Three</u>	<u>Uncategorized</u>	<u>Total</u>
Deposits	<u>\$889,892</u>	<u>\$0</u>	<u>\$0</u>	<u>\$889,892</u>
Less: Outstanding checks				<u>3,796</u>
Total Cash Deposits				<u>\$886,096</u>

Custodial Credit Risk to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits may not be recovered. The Township's policy for minimizing credit risk for bank balances exceeding the Federal Deposit Insurance Corporation's insured limits relies upon Act 72 of 1971. The Act requires the financial institution to pool collateral for all of its government deposits in addition to having the collateral held by an approved custodian in the institution's name. At year-end deposits in excess of FDIC coverage totaled \$0.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 2: Cash and Cash Equivalents: (Continued)

Interest Rate Risk

The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year end the Township was invested in certificates deposit with all maturing in less than one year.

Credit Risk

The Township is permitted to invest funds in U.S. Treasury Bills, Short - Term Obligations of the United States Government or its agencies or instrumentalities, obligations of the United States of America or nay of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by full faith and credit of the political subdivision, Certificates of Deposit, Secured Purchase Agreements, authorized Investments Trust Companies and Time or Share Accounts of Institutions insured or secured by the FDIC to the extent such certificates are insured by a proper bond or collateral in accordance with the law.

Foreign Currency Risk

The Township was not exposed to foreign currency risk for the 2010 fiscal year.

Note 3: Long Term Debt

During 2010, the Township refinanced General Obligation Bond, Series 2003 to Series 2010. The Bond was issued in the principal amount of \$2,280,000. Interest rates range between .75% and 3.00%. Interest payments are due in February, and Interest and Principal payments are due in August. The principal balance as of December 31, 2010 was \$2,280,000. The refunding resulted in a cash flow savings of \$129,975 and an economic gain of \$128,050. The original proceeds were used for roads.

In June of 2006, the Township issued a new General Obligation Bond, Series 2006. The Bond was issued in the amount of \$3,135,000. The proceeds of the Bond are to be used to construct improvements to Township roads and related infrastructure and to acquire property rights to preserve open space and farmland in the Township. Interest rates range between 3.70% and 4.55%. Interest payments are due in November and principal and interest payments in May. The remaining principal balance as of December 31, 2010 was \$2,968,001.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 3: Long Term Debt (Continued)

In May 2009, the Township entered in to an agreement to purchase 253 +/- acres of land which included an easement on an additional 90 acres of land for \$3,463,616 million. At the time the agreement was signed, the Township paid the seller a \$1.5 million down payment. Final settlement of the sale was in August 2009 and an additional \$1 million was paid. A four year agreement was signed for the balance of \$963,616. The Township received a \$1,000,000 grant from the Monroe County Commissioners enabling the early pay-off of the mortgage in August of 2010. The Township is planning on utilizing the 253 acres of property for passive recreation.

Changes in long-term debt are as follows:

	Balance at 12/31/09	Additions	Reductions	Balance at 12/31/10	Current
Mortgage Payable	\$963,616	\$0	\$963,616	\$0	\$0
General Obligation Bond - Series 2003	2,285,000	0	2,285,000	0	0
General Obligation Bond - Series 2010	0	2,280,000	0	2,280,000	45,000
General Obligation Bond - Series 2006	3,023,001	0	55,000	2,968,001	60,000
Capital leases (see Note 7)	<u>349,293</u>	<u>0</u>	<u>121,643</u>	<u>227,650</u>	<u>112,408</u>
Total	<u>\$6,620,910</u>	<u>\$2,280,000</u>	<u>\$3,425,259</u>	<u>\$5,475,651</u>	<u>\$217,408</u>
Less: Bond Costs to be Amortized	<u>119,331</u>	<u>0</u>	<u>6,608</u>	<u>112,723</u>	
Total	<u>\$6,501,579</u>	<u>\$2,280,000</u>	<u>\$3,418,651</u>	<u>\$5,362,928</u>	

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 3: Long Term Debt: (Continued)

Future debt service payments for General Obligation Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$105,000	\$171,280	\$276,280
2012	230,000	174,164	404,164
2013	235,000	170,771	405,771
2014	235,000	166,487	401,487
2015	245,000	162,054	407,054
2016-2020	1,325,000	712,878	2,037,878
2021-2025	1,115,000	493,877	1,608,877
2026-2030	625,000	330,475	955,475
2031-2035	775,000	173,206	948,206
2036-2037	<u>358,001</u>	<u>16,608</u>	<u>374,609</u>
	<u>\$5,248,001</u>	<u>\$2,571,800</u>	<u>\$7,819,801</u>

Note 4: Pension Plan:

In 2006 the Township changed its deferred annuity plan to a defined contribution plan for full time employees that have been employed by the Township for at least one year. The name of the plan is Chestnuthill Township of Monroe County Pension Plan. Authority for the plan is provided by Act 72 of the Township Code. In 2006, the administration of the plan was changed from Columbus Life Insurance Company to Trans America and became a defined contribution plan. The plan provides many options for payments of benefits to retired employees or their beneficiaries which will depend on many factors such as age, total contributions, gender, interest rates, and inflation.

Employees hired prior to the initiation of this plan are vested after three years of employment. Any subsequent hires are 20% vested after two years, 40% after four years, 80% after five years, and 100% after six years of employment. The Township contributes 7.5% of each employee's gross earnings per year for each qualified employee. In 2010, the State reimbursed the Township up to a maximum of \$2,911 for each employee. Employees do not contribute to this plan.

For the year ended December 31, 2006, the Township also initiated a 457-B plan, which employees voluntarily contribute to with the township matching up to \$500 per year for union employees and \$750 per year for management employees. The Township contributed \$7,799 in matching funds in 2010.

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 5: Property Tax:

The following is a summary of the property tax collection dates:

January 1 <sup>st</sup> - February 28 <sup>th</sup>	Lien date
March 1 <sup>st</sup> - April 30 <sup>th</sup>	Discount period
May 1 <sup>st</sup> - June 30 <sup>th</sup>	Base period
July 1 <sup>st</sup> - December 30 <sup>th</sup>	Penalty period

They are collected by a tax collector and remitted to the Township.

Note 6: Capital Assets:

Changes to capital assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$6,282,561	\$0	\$0	\$6,282,561
Easements	<u>333,665</u>	<u>0</u>	<u>0</u>	<u>333,665</u>
Total capital assets, not being Depreciated:	<u>\$6,616,225</u>	<u>\$0</u>	<u>\$0</u>	<u>\$6,616,226</u>
Capital assets, being depreciated:				
Building and building improvements	1,617,934	76,175	0	1,694,109
Furniture and Equipment	2,497,946	36,538	0	2,534,484
Infrastructure*	<u>3,230,181</u>	<u>251,045</u>	<u>0</u>	<u>3,481,226</u>
Total capital assets being Depreciated	<u>7,346,061</u>	<u>363,758</u>	<u>0</u>	<u>7,709,819</u>
Less accumulated Depreciation for:				
Building and building Improvements	541,794	101,526	0	643,320
Furniture and Equipment	1,663,889	124,536		1,788,425
Infrastructure	<u>288,438</u>	<u>79,375</u>	<u>0</u>	<u>367,813</u>
Total accumulated depreciation	<u>2,494,121</u>	<u>305,437</u>	<u>0</u>	<u>2,799,558</u>
Total capital assets, being Depreciated, net	<u>4,851,940</u>	<u>58,321</u>	<u>0</u>	<u>4,910,261</u>
Total governmental type activities Capital assets, net	<u>\$11,468,166</u>	<u>\$58,321</u>	<u>\$0</u>	<u>\$11,526,487</u>

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 6: Capital Assets: (Continued)

\*The Township has elected to report infrastructure prospectively. Therefore, the costs of infrastructure, other than those incurred since January 1, 2004, are not reflected in these financial statements.

Depreciation was expensed to the following functional categories:

Culture and Recreation	\$10,673
General Government	101,526
Public Works – Highways and Streets	181,648
Public Works – Sanitation	<u>11,590</u>
 Total	 <u>\$305,437</u>

Note 7: Leases:

The Township currently has several capital leases for equipment. The leases for all trucks are for a five-year term. Annual payments on each year's leases are \$54,207, and \$53,007, respectively. Interest rates are 6.67%, and 4.85%, respectively. Interest paid for 2010 was \$15,728.

During 2008, the Township entered into a lease to purchase a Backhoe Case loader. The lease is for a five- year term. Annual payments are \$17,174. The interest rate is 4.99%. Interest paid for 2010 was \$2,383.

In 2007 the Township entered into a lease to purchase a John Deere Tractor with Flail mower. The term of the lease is for four years and monthly payments are \$1,969.59. The interest rate is 5.53%. Final payment was made in July 2010 and Interest paid was \$462.

Annual Future minimum payments under capital leases are as follows:

2011	\$124,457
2012	70,252
2013	<u>53,077</u>
 Total	 \$247,786
Amount representing interest	<u>(20,136)</u>
Capital Lease Liability	<u>\$227,650</u>

CHESTNUTHILL TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2010

Note 8: Commitments & Contingencies

The Township is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the Board of Supervisors, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provision for losses has been recorded.

Note 9: Subsequent Events

In January of 2011 the Township's John Deere Backhoe/Case loader was stolen from the Municipal Building's back lot. The Insurance proceeds paid off the lease and the balance was put into savings.

CHESTNUTHILL TOWNSHIP  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2010



CHESTNUTHILL TOWNSHIP  
SCHEDULE OF REVENUES, AND EXPENDITURES -  
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final <u>Budget</u>	<u>Actual</u>	Positive (Negative) <u>Variance</u>
Revenues:			
Property taxes	\$812,446	\$861,766	\$49,320
Earned income taxes	1,200,000	1,230,589	30,589
Fees and fines	41,100	58,174	17,074
Licenses and permits	275,200	378,815	103,615
Intergovernmental	714,401	1,454,290	739,889
Charges for services	41,310	75,432	34,122
Investment earnings	9,500	3,449	(6,051)
Miscellaneous	<u>111,400</u>	<u>7,905</u>	<u>(103,495)</u>
Total Revenues	<u>3,205,357</u>	<u>4,070,420</u>	<u>865,063</u>
Expenditures 1:			
General government	758,658	706,174	52,484
Public safety	535,759	573,187	(37,428)
Public works - Highways and streets	1,079,935	897,783	182,152
Public works - Sanitation	160,100	176,447	(16,347)
Culture and recreation	168,960	158,371	10,589
Community development	232,899	0	232,899
Debt service	508,741	1,112,711	(603,970)
Miscellaneous	<u>539,775</u>	<u>485,070</u>	<u>54,705</u>
Total Expenditures	<u>\$3,984,827</u>	<u>\$4,109,743</u>	<u>( \$124,916)</u>

CHESTNUTHILL TOWNSHIP  
SCHEDULE OF REVENUES, AND EXPENDITURES, -  
BUDGET AND ACTUAL - GENERAL FUND - MODIFIED CASH BASIS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(\$779,470)</u>	<u>(\$39,323)</u>	<u>740,147</u>
Other Financing Sources (Uses):			
Proceeds of general fixed asset disposition	0	0	0
Interfund transfers	(250,000)	(118,000)	132,000
Refunds of prior year expenditures/revenues	0	(388)	(388)
Proceeds from issuance of debt	0	0	0
Compensation for Loss of Fixed Assets	0	—	0
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(118,388)</u>	<u>131,612</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(\$1,029,470)</u>	<u>(\$157,711)</u>	<u>\$871,759</u>

CHESTNUTHILL TOWNSHIP  
 SCHEUDLE OF REVENUES, AND EXPENDITURES -  
 BUDGET AND ACTUAL – STATE LIQUID FUELS FUND – MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final <u>Budget</u>	<u>Actual</u>	Positive/ (Negative) <u>Variance</u>
Revenues:			
Intergovernmental	\$520,676	\$518,755	(\$1,921)
Investment earnings	<u>1,000</u>	<u>739</u>	<u>(261)</u>
Total Revenues:	<u>521,676</u>	<u>519,494</u>	<u>(2,182)</u>
Public works - Highways and streets			
Winter maintenance	20,000	20,175	(175)
Road and bridge maintenance	0	0	0
Highway construction and rebuilding projects	246,153	241,145	5,008
Equipment purchases	<u>107,284</u>	<u>0</u>	<u>107,284</u>
Total Public works - Highways and streets	<u>373,437</u>	<u>261,320</u>	<u>112,117</u>
Debt service:			
Principal	125,000	216,556	(91,556)
Interest and Fiscal agents fee	<u>43,763</u>	<u>59,762</u>	<u>(15,999)</u>
Total Debt service:	<u>168,763</u>	<u>276,318</u>	<u>(107,555)</u>
Other financing sources			
Proceeds of sale of fixed assets	<u>0</u>	<u>0</u>	<u>0</u>
Total Other financing sources	<u>0</u>	<u>0</u>	<u>0</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(\$20,524)</u>	<u>( \$18,144)</u>	<u>\$2,380</u>

**CHESTNUTHILL TOWNSHIP**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

CHESTNUTHILL TOWNSHIP  
SCHEDULE OF EXPENDITURES - GENERAL FUND - MODIFIED CASH BASIS  
- BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final		Positive
	<u>Budget</u>	<u>Actual</u>	(Negative) <u>Variance</u>
General Government:			
Legislative - Governing body	\$127,811	\$140,722	(\$12,911)
Auditing - Bookkeeping services	13,750	13,885	(135)
Tax collection	62,797	68,152	(5,355)
Solicitor - Legal services	55,000	69,286	(14,286)
Secretary - Clerk	65,300	66,142	(842)
Other general government administration	48,000	46,498	1,502
Engineering services	100,000	81,637	18,363
General government building and plant	107,000	215,996	(108,996)
Capital Construction & Purchases	<u>189,000</u>	<u>0</u>	<u>189,000</u>
Total General Government	<u>\$768,658</u>	<u>\$706,174</u>	<u>\$66,340</u>
Public Safety:			
Fire			
Building inspection	\$280,000	\$392,274	(\$112,274)
Planning and zoning	26,000	20,472	5,528
Monroe County Control Center fee	164,480	98,876	65,604
	<u>64,779</u>	<u>61,565</u>	<u>3,214</u>
Total Public Safety	<u>\$535,259</u>	<u>\$573,187</u>	<u>(\$37,928)</u>

CHESTNUTHILL TOWNSHIP  
 SCHEDULE OF EXPENDITURES - GENERAL FUND - MODIFIED CASH BASIS  
 - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final <u>Budget</u>	<u>Actual</u>	Positive (Negative) <u>Variance</u>
Public Works - Highways and Streets:			
General services	\$15,435	13,139	2,296
Winter maintenance	235,000	181,958	53,042
Traffic control devices	14,000	10,726	3,274
Storm sewers and drains	4,000	6,089	(2,089)
Road and bridge maintenance	763,500	685,871	77,629
Equipment purchases	<u>38,000</u>	<u>0</u>	<u>38,000</u>
Total Public Works - Highways and Streets	<u>\$1,069,935</u>	<u>\$897,783</u>	<u>172,152</u>
Public works - Sanitation			
Recycling collection and disposal	<u>\$160,100</u>	<u>\$176,447</u>	<u>(\$16,347)</u>
Total Public Works - Sanitation	<u>\$160,100</u>	<u>\$176,447</u>	<u>(\$16,347)</u>
Culture and Recreation:			
Parks	<u>\$168,960</u>	<u>\$158,371</u>	<u>\$10,589</u>
Total Culture and Recreation	<u>\$168,960</u>	<u>\$158,371</u>	<u>\$10,589</u>

CHESTNUTHILL TOWNSHIP  
 SCHEDULES OF EXPENDITURES - GENERAL FUND – MODIFIED CASH BASIS  
 - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED DECEMBER 31, 2010

	Original and Final Budget	Actual	Positive (Negative) Variance
Community Development:			
Conservation of natural resources	<u>\$232,899</u>	<u>\$0</u>	<u>\$232,899</u>
Total Community Development	<u>\$232,899</u>	<u>\$0</u>	<u>\$232,899</u>
Debt Service:			
Principal	\$313,078	\$993,701	(\$680,623)
Interest	<u>195,664</u>	<u>119,010</u>	<u>76,654</u>
Total Debt Service	<u>\$508,741</u>	<u>\$1,112,711</u>	<u>(\$603,970)</u>
Miscellaneous Expenditures:			
Insurance premiums	\$84,000	\$100,816	(\$16,816)
Employee benefits not for specific functions	445,731	384,106	61,625
Operating transfers out and other miscellaneous expenses	<u>260,044</u>	<u>118,388</u>	<u>141,656</u>
Total Miscellaneous Expenditures	<u>\$789,775</u>	<u>\$603,310</u>	<u>\$186,465</u>